



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
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BOARD OF SUPERVISORS

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February 11, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT
(ALL DISTRICTS AFFECTED - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

| | |
|------------------------------|----------|
| (1) Account Number – 5183788 | \$5,000 |
| (2) Account Number – 6877471 | \$11,500 |
| (3) Account Number – 4375946 | \$8,983 |
| (4) Account Number – 5686100 | \$92,000 |

PURPOSE OF THE RECOMMENDED ACTION:

The compromise offers of settlement for patient accounts (1) and (2) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amounts the Department will be able to receive under the tort settlement involved in these cases. Typically, recoveries in tort settlements are divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and the lawyer. The compromise offers of settlement for patient accounts (3) and (4) are recommended because the amounts are the highest amounts that could be negotiated with the patients' insurance (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevent further collection from the patients, except for possible beneficiary coinsurance or deductible obligations.

JUSTIFICATION:

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

FISCAL IMPACT:

This will expedite the County's recovery of partial payment totaling approximately \$117,483, from two patients' proceeds due from third-party liability settlement and two patients' insurance (Commercial or HMO) companies, for the medical care provided.

FINANCING:

Not applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when in the best interest of the County. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

CONTRACTING PROCESS:

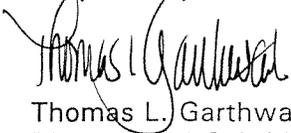
Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS to meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

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Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: February 5, 2004

| | | | |
|----------------------------------|-----------|------------------------|-----------------------|
| Total Charges | \$115,206 | Account Number | 5183788 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$115,206 | Date of Service | 12/30/02-01/11/03 |
| Compromise Amount Offered | \$5,000 | Facility | H/UCLA Medical Center |
| Amount to be Written Off | \$110,206 | | |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$115,206 for medical services rendered.

The patient's third-party claim has been settled for \$15,000 and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|-----------------------|--------------------|----------------------------|------------------------------|
| Attorney fees | \$5,000 | \$5,000 | 33.3% |
| LAC+USC | \$115,206 | \$5,000 | 33.3% |
| Net to Patient | | \$5,000 | 33.3% |
| Total | | \$15,000 | 100.0% |

Based on financial information provided by the patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/UCLA.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: February 5, 2004

| | | | |
|----------------------------------|----------|------------------------|------------------------|
| Total Charges | \$54,738 | Account Number | 6877471 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$54,738 | Date of Service | 01/07/03-01/16/03 |
| Compromise Amount Offered | \$11,500 | Facility | LAC+USC Medical Center |
| Amount to be Written Off | \$43,238 | | |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$54,738 for medical services rendered.

The patient's third-party claim has been settled for \$30,000 and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|-----------------------|--------------------|----------------------------|------------------------------|
| Attorney fees | \$12,000 | \$10,000 | 33.3% |
| LAC+USC | \$54,738 | \$11,500 | 38.3% |
| Net to Patient | | \$8,500 | 28.3% |
| Total | | \$30,000 | 100.0% |

Based on financial information provided by the patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: February 5, 2004

| | | | |
|----------------------------------|----------|------------------------|----------------------|
| Total Charges | \$72,790 | Account Number | 4375946 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$72,790 | Date of Service | 121/26/01-12/31/01 |
| Compromise Amount Offered | \$8,983 | % Of Settlement | 12% of Gross Charges |
| Amount to be Written Off | \$63,807 | Facility | MLK/D Medical Center |

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case. This payment is part of a settlement with all unsecured creditors of the health plan for 20% of liability. In this case, the health plans maximum liability is the Medicare DRG amount.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: February 5, 2004

| | | | |
|----------------------------------|-----------|------------------------|-----------------------|
| Total Charges | \$197,166 | Account Number | 5686100 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$197,166 | Date of Service | 09/10/03-09/25/03 |
| Compromise Amount Offered | \$92,000 | % Of Settlement | 47% of Gross Charges |
| Amount to be Written Off | \$105,166 | Facility | H/UCLA Medical Center |

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.